

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7372

BILL NUMBER: HB 1009

NOTE PREPARED: Feb 4, 2004

BILL AMENDED: Feb 4, 2004

SUBJECT: School Tax Levies.

FIRST AUTHOR: Rep. Cheney

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill authorizes a school corporation to: (1) file an appeal to impose an additional levy to make up a shortfall in property tax collections in a fund other than the school general fund; and (2) increase the corporation's transportation fund levy by the amount by which the state has reduced its transportation distributions to the corporation. It provides that the increase in the transportation fund levy and the shortfall levy are not eligible for property tax replacement credits or homestead credits.

The bill extends the sunset date for issuance of school corporation bonds for retirement or severance liability from December 31, 2004, to December 31, 2006. It provides that a school corporation may not issue such bonds after December 31, 2004, unless the corporation submits to the department of local government finance before January 1, 2005, a proposal concerning the issuance of the bonds to implement solutions for the corporation's retirement or severance liability. The bill also allows a school corporation to issue bonds for that purpose a second time if the amount of bonds the corporation could issue under prior law is less than the amount permissible under current law.

Effective Date: (Amended) Upon passage; July 1, 2004; January 1, 2007.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (1) The number of schools that would file for an appeal for a shortfall in property tax collections in a fund other than the school general fund is unknown. The number of appeals

would probably be minor. As an example, from CY 2001 to CY 2003 the average number of appeals per year was about 18 and the value of the appeals was \$800,000 annually.

(2) The total amount of the allowable appeals for the transportation fund levy to incorporate the elimination of state funding for regular, special education, and vocational education transportation would be about \$32.9 M. A school may appeal for the loss in state transportation revenue in one year or over several years, but the total amount of the appeals cannot exceed the amount the state distributed to the school for the period of June 30, 2003, to December 30, 2003.

Neither appeal is eligible for Property Tax Replacement Credits or Homestead Credits.

(Revised) The bill extends the deadline for issuing retirement or severance bonds from before December 30, 2004 to December 31, 2006. A school would have to submit a proposal concerning the *initial* issuance of retirement or severance liability bonds to the Department of Local Government Finance before January 1, 2005. The bill also allows a school corporation to issue bonds a second time (after December 31, 2005) if the amount of bonds the school corporation could have issued under this provision is greater than the amount permissible under current law *and* the prior bonds were issued before April 14, 2003 are retired. It is unknown how many additional schools might qualify under this extension of the deadline.

State Agencies Affected:

Local Agencies Affected: School corporations.

Information Sources: Department of Local Government Finance Database and List of Appropriations for the 2003-05 biennium.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.